

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Establish the
California Institute for Climate Solutions.

Rulemaking 07-09-008
(Filed September 7, 2007)

**OPENING COMMENTS OF THE COMMUNITY
ENVIRONMENTAL COUNCIL ON PROPOSED DECISION**

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March 3, 2008

OPENING COMMENTS

The Community Environmental Council (“CE Council”) respectfully submits these opening comments on the California Institute for Climate Solutions (“CICS”) proposed decision (“PD”), dated February 8, 2008.

The CE Council is a member-supported environmental non-profit organization formed in Santa Barbara in 1970 and is the leading environmental group in our region. Our mission is to wean our region from fossil fuels by 2030 or sooner, acting as a model for other regions. More information on the CE Council and our energy program may be found at www.fossilfreeby33.org.

I. Summary

The CE Council:

- supports the development of a Climate Solutions Roadmap, but urges the Commission to clarify what the “roadmapping” process will entail
- supports the PD’s commitment to seeking funding from sources other than ratepayers, but the PD should be modified to require a direct benefit be shown for ratepayers for any research funded by CICS; the Commission should also commit in the PD to continued monitoring of efforts by CICS to secure non-ratepayer funding
- strongly urges that at least three “environmental” representatives be appointed to the CICS Governing Board

II. Discussion

The CE Council has been, and remains, supportive of the Commission's efforts in this proceeding. As an environmental organization focused entirely on energy and climate change issues, one of our primary motivations is a desire to mitigate climate change. As such, we believe that a massive societal effort is necessary to increase energy efficiency and to bring online renewable energy resources to substitute for highly damaging and increasingly expensive fossil fuels. The proposed CICS is a step in the right direction and will help maintain California's pre-eminent position in leading the effort to mitigate climate change and help resolve fossil fuel supply and price limitations. However, it is still important to avoid using ratepayers as the perennial piggy bank and we fear that the PD does not do enough to ensure that parties other than ratepayers will foot the bill for this effort. With climate change mitigation so important to all Californians, there is very good reason to have all Californians help pay for CICS. We address the funding issue in more detail below.

A. Climate Solutions Roadmap

The CE Council supports the PD's proposed Climate Solutions Roadmap process, but urges the Commission to provide some additional detail as to what the process shall entail. Currently, the PD states (pp. 33-34):

As we understand the UC proposal, the Roadmapping process would provide a comprehensive and detailed analysis of all the areas and sectors in which GHG reductions can be achieved, how they can be achieved, and what technological, market, and policy barriers may need to be addressed. A far more precise description of Roadmapping should be included with all proposals for hosting the Institute's hub that are submitted to the Governing Board.

Given the importance of the CICS proposal, and the magnitude of ratepayer funding committed by the Commission over a ten-year period, it would behoove the Commission to provide additional guidance in the PD, prior to parties submitting their hub-hosting proposals to CICS. The PD should provide the “far more precise description of Roadmapping” itself, to avoid delays and misunderstandings by applicants.

We also urge the Commission to modify the PD at page 34, and other similar discussions in the PD, regarding CICS’ role in achieving AB 32’s reduction goals. It is unlikely that any research funded by CICS will achieve substantial emissions reductions by 2020, the timeframe for AB 32 compliance. Rather, such R&D efforts will hopefully have a substantial impact in the post-2020 timeframe, and will help the state meet the longer-term reduction goals set forth in the Governor’s 2005 Executive Order S-3-05, which calls for achieving an 80% below 1990 levels by 2050. By re-framing this discussion in the PD, the Commission will make the role of CICS *vis a vis* other state climate change mitigation efforts more clear.

B. Funding Sources

The Environmental Council approves of the PD’s requirement that the CICS Director seek funding sources to bolster the initial ratepayer funding. The PD states: “We also agree with parties that ratepayers should not be the sole source of funding for the Institute.” (P. 17). Conclusion of Law 2, at p. 59, states: “A total of \$60 million a year over ten years of ratepayer funding should be allocated to the CICS, with direction to the Institute to use this money as leverage to secure additional funds from public and private sources.” The proposed Charter, at Attachment A, p. 6, also states that one of the duties of the Executive Director

will be “assisting the Executive Committee solicit non-ratepayer funding for Institute programs and optimizing financial leverage opportunities for the Institute.”

We would have preferred, as discussed in our previous comments, that the Commission secure additional funding sources concurrently with committing ratepayer funding. However, with CICS being directed to seek additional funding from sources other than ratepayers, our goal for a broader sharing of the financial burden may still be met. We urge the Commission to re-visit this issue over the course of the next two years, to ensure that CICS has indeed made every effort to seek additional funding from other sources. We also strongly urge the Commission itself to seek funding from utility shareholders to supplement ratepayer funding. While the Commission has not indicated what parties, if any, it has approached to secure additional funding, we sincerely hope that the Commission has initiated the discussion with utility shareholders. If this is not the case, the Commission’s statements to date regarding seeking other sources of funding will look rather hollow.

Additionally, the PD states (p. 16): “We decline to adopt a rigid notion of ratepayer benefit as some parties propose. ... Nonetheless we agree that there should be a strong preference for research that is relevant to ratepayers.” To ensure that CICS achieves its desired potential, and that ratepayers benefit optimally from CICS, **we strongly urge the Commission to modify the PD to *require a showing of direct ratepayer benefits from any work funded by CICS.*** Such a requirement will also help insulate CICS from legal challenges.

We support the proposed March workshop described at page 20 of the PD, to discuss final cost allocations. We encourage the Commission to expand this workshop, or alternatively to schedule additional workshops, to include

discussion of other funding issues, and issues raised by some parties in comments, that are as yet unresolved.

C. Composition of the Governing Board

In general, we support the proposed organizational structure described in the PD. However, the PD states that the Governing Board will contain “a” representative from the environmental community. This is, in our view, wholly inadequate in light of the fact that the express purpose of the CICS is to coordinate and fund research and training activities to address climate change, the biggest *environmental* issue of our time. As such, having only one representative from the environmental community is insufficient. **A reasonable level of representation from the environmental community would be to match investor-owned utility company representatives (SCE, PG&E and Sempra) with representatives from the environmental community.** This would result in three environmental community representatives, a far more reasonable level of involvement.

III. Errata

The PD contains a few typographical errors and at least one errorsof fact:

- P. 9 states that the electricity sector accounts for roughly one-third of California’s GHGs. According to the Air Resources Board’s recently completed GHG inventory, total electricity sector emissions in 2004 were 25 percent of the total.
- The first sentence on page 15 has an extra “a.”

- P. 17 has a formatting issue with the header “What is the appropriate level of funding?”
- P. 34’s last paragraph, second sentence, is missing an “a” between “as” and “comprehensive.”
- P. 64, Ordering Paragraph 10 is missing the second part of the sentence.
- P. 64, Ordering Paragraph 11 has an extraneous “d” in “segregated”. In the same paragraph, the last “to” should be “for”.
- P. 64, Ordering Paragraph 14 is missing a period at the end of the sentence. This paragraph should also state that the Institute shall “create and maintain a web portal.”

Respectfully submitted,

TAM HUNT

A handwritten signature in black ink, appearing to read 'TH', with a long horizontal stroke extending to the right.

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Dated: March 3, 2008

CERTIFICATE OF SERVICE

I hereby certify that I have served by electronic service a copy of the foregoing OPENING COMMENTS OF THE COMMUNITY ENVIRONMENTAL COUNCIL on all known interested parties of record in R.07-09-008 included on the service list appended to the original document filed with this Commission. Service by first class U.S. mail has also been provided to those who have not provided an email address.

Dated at Santa Barbara, California, March 3, 2008.

A handwritten signature in black ink, appearing to read 'TH', is positioned above a horizontal line.

Tam Hunt

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